

By: Wells-Smith

To: Ways and Means

HOUSE BILL NO. 1567

1 AN ACT TO AMEND SECTION 27-65-101, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE AN INDUSTRIAL SALES TAX EXEMPTION FOR CERTAIN SALES ON  
3 OR AFTER JULY 1, 2000, OF ENVIRONMENTAL POLLUTION CONTROL  
4 EQUIPMENT, DEVICES, MACHINERY OR SYSTEMS; AND FOR RELATED  
5 PURPOSES.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

7 SECTION 1. Section 27-65-101, Mississippi Code of 1972, is  
8 amended as follows:

9 27-65-101. (1) The exemptions from the provisions of this  
10 chapter which are of an industrial nature or which are more  
11 properly classified as industrial exemptions than any other  
12 exemption classification of this chapter shall be confined to  
13 those persons or property exempted by this section or by the  
14 provisions of the Constitution of the United States or the State  
15 of Mississippi. No industrial exemption as now provided by any  
16 other section except Section 57-3-33 shall be valid as against the  
17 tax herein levied. Any subsequent industrial exemption from the  
18 tax levied hereunder shall be provided by amendment to this  
19 section. No exemption provided in this section shall apply to  
20 taxes levied by Section 27-65-15 or 27-65-21.

21 The tax levied by this chapter shall not apply to the  
22 following:

23 (a) Sales of boxes, crates, cartons, cans, bottles and  
24 other packaging materials to manufacturers and wholesalers for use  
25 as containers or shipping materials to accompany goods sold by  
26 said manufacturers or wholesalers where possession thereof will  
27 pass to the customer at the time of sale of the goods contained

28 therein and sales to anyone of containers or shipping materials  
29 for use in ships engaged in international commerce.

30 (b) Sales of raw materials, catalysts, processing  
31 chemicals, welding gases or other industrial processing gases  
32 (except natural gas) to a manufacturer for use directly in  
33 manufacturing or processing a product for sale or rental or  
34 repairing or reconditioning vessels or barges of fifty (50) tons  
35 load displacement and over. This exemption shall not apply to any  
36 property used as fuel except to the extent that such fuel  
37 comprises by-products which have no market value.

38 (c) The gross proceeds of sales of dry docks, offshore  
39 drilling equipment for use in oil exploitation or production,  
40 vessels or barges of fifty (50) tons load displacement and over,  
41 when sold by the manufacturer or builder thereof.

42 (d) Sales to commercial fishermen of commercial fishing  
43 boats of over five (5) tons load displacement and not more than  
44 fifty (50) tons load displacement as registered with the U.S.  
45 Coast Guard and licensed by the Mississippi Marine Conservation  
46 Commission.

47 (e) The gross income from repairs to vessels and barges  
48 engaged in foreign trade or interstate transportation.

49 (f) Sales of petroleum products to vessels or barges  
50 for consumption in marine international commerce or interstate  
51 transportation businesses.

52 (g) Sales and rentals of rail rolling stock (and  
53 component parts thereof) for ultimate use in interstate commerce  
54 and gross income from services with respect to manufacturing,  
55 repairing, cleaning, altering, reconditioning or improving such  
56 rail rolling stock (and component parts thereof).

57 (h) Sales of raw materials, catalysts, processing  
58 chemicals, welding gases or other industrial processing gases  
59 (except natural gas) used or consumed directly in manufacturing,  
60 repairing, cleaning, altering, reconditioning or improving such  
61 rail rolling stock (and component parts thereof). This exemption  
62 shall not apply to any property used as fuel.

63 (i) Machinery or tools or repair parts therefor or  
64 replacements thereof, fuel or supplies used directly in

65 manufacturing, converting or repairing ships of three thousand  
66 (3,000) tons load displacement and over, but not to include office  
67 and plant supplies or other equipment not directly used on the  
68 ship being built, converted or repaired.

69 (j) Sales of tangible personal property to persons  
70 operating ships in international commerce for use or consumption  
71 on board such ships. This exemption shall be limited to cases in  
72 which procedures satisfactory to the commissioner, ensuring  
73 against use in this state other than on such ships, are  
74 established.

75 (k) Sales of materials used in the construction of a  
76 building, or any addition or improvement thereon, and sales of any  
77 machinery and equipment not later than three (3) months after the  
78 completion of construction of the building, or any addition  
79 thereon, to be used therein, to qualified businesses, as defined  
80 in Section 57-51-5, which are located in a county or portion  
81 thereof designated as an enterprise zone pursuant to Sections  
82 57-51-1 through 57-51-15.

83 (l) Sales of materials used in the construction of a  
84 building, or any addition or improvement thereon, and sales of any  
85 machinery and equipment not later than three (3) months after the  
86 completion of construction of the building, or any addition  
87 thereon, to be used therein, to qualified businesses, as defined  
88 in Section 57-54-5.

89 (m) Income from storage and handling of perishable  
90 goods by a public storage warehouse.

91 (n) The value of natural gas lawfully injected into the  
92 earth for cycling, repressuring or lifting of oil, or lawfully  
93 vented or flared in connection with the production of oil;  
94 however, if any gas so injected into the earth is sold for such  
95 purposes, then the gas so sold shall not be exempt.

96 (o) The gross collections from self-service commercial  
97 laundering, drying, cleaning and pressing equipment.

98           (p) Sales of materials used in the construction of a  
99 building, or any addition or improvement thereon, and sales of any  
100 machinery and equipment not later than three (3) months after the  
101 completion of construction of the building, or any addition  
102 thereon, to be used therein, to qualified companies, certified as  
103 such by the Mississippi Department of Economic and Community  
104 Development under Section 57-53-1.

105           (q) Sales of component materials used in the  
106 construction of a building, or any addition or improvement  
107 thereon, sales of machinery and equipment to be used therein, and  
108 sales of manufacturing or processing machinery and equipment which  
109 is permanently attached to the ground or to a permanent foundation  
110 and which is not by its nature intended to be housed within a  
111 building structure, not later than three (3) months after the  
112 initial start-up date, to permanent business enterprises engaging  
113 in manufacturing or processing in less developed areas (as such  
114 term is defined in Section 57-73-5), which businesses are  
115 certified by the State Tax Commission as being eligible for the  
116 exemption granted in this paragraph (q).

117           (r) Sales of component materials used in the  
118 construction of a building, or any addition or improvement  
119 thereon, and sales of any machinery and equipment not later than  
120 three (3) months after the completion of the building, addition or  
121 improvement thereon, to be used therein, for any company  
122 establishing or transferring its national or regional headquarters  
123 from within or outside the State of Mississippi and creating a  
124 minimum of thirty-five (35) jobs at the new headquarters in this  
125 state. The Tax Commission shall establish criteria and prescribe  
126 procedures to determine if a company qualifies as a national or  
127 regional headquarters for the purpose of receiving the exemption  
128 provided in this paragraph.

129           (s) The gross proceeds from the sale of semitrailers,  
130 trailers, boats, travel trailers, motorcycles and all-terrain

131 cycles if exported from this state within forty-eight (48) hours  
132 and registered and first used in another state.

133 (t) Gross income from the storage and handling of  
134 natural gas in underground salt domes and in other underground  
135 reservoirs, caverns, structures and formations suitable for such  
136 storage.

137 (u) Sales of machinery and equipment to nonprofit  
138 organizations if the organization: (i) is tax-exempt pursuant to  
139 Section 501(c)(4) of the Internal Revenue Code of 1986, as  
140 amended; (ii) assists in the implementation of the national  
141 contingency plan or area contingency plan, and which is created in  
142 response to the requirements of Title IV, Subtitle B of the Oil  
143 Pollution Act of 1990, Public Law 101-380; and (iii) engages  
144 primarily in programs to contain, clean up and otherwise mitigate  
145 spills of oil or other substances occurring in the United States  
146 coastal and tidal waters. For purposes of this exemption,  
147 "machinery and equipment" means any ocean-going vessels, barges,  
148 booms, skimmers and other capital equipment used primarily in the  
149 operations of nonprofit organizations referred to herein.

150 (v) Sales on or after July 1, 2001, to manufacturers or  
151 custom processors of environmental pollution control equipment for  
152 use by a manufacturer or custom processor at the plant site. For  
153 the purpose of this exemption, "environmental pollution control  
154 equipment" means equipment, devices, machinery or systems required  
155 by federal or state law or regulation to monitor or reduce air or  
156 water pollution or solid or hazardous waste.

157 (2) Sales of component materials used in the construction of  
158 a building, or any addition or improvement thereon, sales of  
159 machinery and equipment to be used therein, and sales of  
160 manufacturing or processing machinery and equipment which is  
161 permanently attached to the ground or to a permanent foundation  
162 and which is not by its nature intended to be housed within a  
163 building structure, not later than three (3) months after the

164 initial start-up date, to permanent business enterprises engaging  
165 in manufacturing or processing in moderately developed areas and  
166 developed areas (as such areas are designated in accordance with  
167 Section 57-73-21), which businesses are certified by the State Tax  
168 Commission as being eligible for the exemption granted in this  
169 paragraph, shall be exempt from one-half (1/2) of the taxes  
170 imposed on such transactions under this chapter.

171 SECTION 2. Nothing in this act shall affect or defeat any  
172 claim, assessment, appeal, suit, right or cause of action for  
173 taxes due or accrued under the sales tax laws before the date on  
174 which this act becomes effective, whether such claims,  
175 assessments, appeals, suits or actions have been begun before the  
176 date on which this act becomes effective or are begun thereafter;  
177 and the provisions of the sales tax laws are expressly continued  
178 in full force, effect and operation for the purpose of the  
179 assessment, collection and enrollment of liens for any taxes due  
180 or accrued and the execution of any warrant under such laws before  
181 the date on which this act becomes effective, and for the  
182 imposition of any penalties, forfeitures or claims for failure to  
183 comply with such laws.

184 SECTION 3. This act shall take effect and be in force from  
185 and after July 1, 2000.